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Exhibit R-2, RDT&E Budget Item Justification: PB 2011 Office of Secretary Of Defense									DATE: February 2010		
APPROPRIATION/BUDGET ACTIVITY 0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: Development & Demonstration (SDD)				R-1 ITEM NOMENCLATURE PE 0605027D8Z: OUSD(C) IT Development Initiative							
COST (\$ in Millions)	FY 2009 Actual	FY 2010 Estimate	FY 2011 Base Estimate	FY 2011 OCO Estimate	FY 2011 Total Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Cost To Complete	Total Cost
Total Program Element	0.000	4.961	5.000	0.000	5.000	5.000	5.000	3.000	0.000	Continuing	Continuing
927: Next Generation Resource Management System	0.000	4.961	5.000	0.000	5.000	5.000	5.000	3.000	0.000	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Department's budget focuses on institutionalizing and financing our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies. It also begins a fundamental overhaul of the DoD's approach to procurement, acquisition, and contracting. As such, the complex details of budgeting and tracking of funds become increasingly critical to senior leader decision making and to provide accountability to the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

Today, the Office of the Under Secretary of Defense Comptroller OUSD(C) and the Cost Analysis and Program Evaluation (CAPE) uses at least six distinct automated systems (Comptroller Information System (CIS), PBD Wizard, Program Resource Collection Process (PRCP), GWOT Resource Information Database (GRID)/ Supplemental Resource Collection Process (SRCP), Budget Exhibits Generator and Standard Data Collection System (SDCS) to formulate, justify, and execute DoD budgets. These six or more systems interact with at least several computer-based systems controlled by external organizations and agencies. These systems manage very similar financial information, yet each uses its own scheme for representing information. Much of the information managed by these systems is redundant. Cross-system data representations and redundancies make it difficult to exchange and to reconcile information. The capabilities provided by Comptroller systems, in some cases, fail to deliver services needed by its users, or fail to operate in ways that complement current and emerging business practices. They fail to give executives information in a comprehensible form, making it difficult to draw conclusions. Data disparities and functional redundancy make these systems more costly to keep than they need to be

There is a critical need for the development of a state-of-the-art information technology system to modernize and replace multiple, antiquated legacy systems and processes used to formulate, justify, present and defend the entire Department of Defense Budget in the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to meet Title 10 and Title 31 mission and reporting requirements. The Comptroller's plan for mitigating the deficiencies and capability gaps associated with current systems is development of the Next Generation Resource Management System.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administrate and report resource management data and to automate business processes within a more robust analytical

UNCLASSIFIED

R-1 Line Item #125

Page 1 of 4

UNCLASSIFIED

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BA 5: Development & Demonstration (SDD)					
environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C). Not funding this effort increases the risks of critical system failures delaying programming/budget formulation and reporting. Funded efforts will improve the timeliness of resource management reviews and decisions for senior leaders and Congress					
B. Program Change Summary (\$ in Millions)					
	FY 2009	FY 2010	FY 2011 Base	FY 2011 OCO	FY 2011 Total
Previous President's Budget	0.000	5.000	0.000	0.000	0.000
Current President's Budget	0.000	4.961	5.000	0.000	5.000
Total Adjustments	0.000	-0.039	5.000	0.000	5.000
• Congressional General Reductions		0.000			
• Congressional Directed Reductions		0.000			
• Congressional Rescissions	0.000	0.000			
• Congressional Adds		0.000			
• Congressional Directed Transfers		0.000			
• Reprogrammings	0.000	0.000			
• SBIR/STTR Transfer	0.000	0.000			
• Program Adjustments	0.000	-0.039	5.000	0.000	5.000
C. Accomplishments/Planned Program (\$ in Millions)					
	FY 2009	FY 2010	FY 2011 Base	FY 2011 OCO	FY 2011 Total
Next Generation Resource Management System	0.000	4.961	5.000	0.000	5.000
Plan, develop, test and evaluate the system components (i.e. unified database, expert system, cross domain security, enterprise service bus, applications, services) and supportability requirements in modernizing the budget formulation, programming execution and reporting capabilities for the Department of Defense. Activities will include, but not be limited to, the preparation all documentation required for Clinger-Cohen Compliance and acquisition regulations, developing requests for proposals, and oversight and management of contracts and deliverables.					

UNCLASSIFIED

R-1 Line Item #125

Page 2 of 4

UNCLASSIFIED

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C. Accomplishments/Planned Program (\$ in Millions)					
	FY 2009	FY 2010	FY 2011 Base	FY 2011 OCO	FY 2011 Total
FY 2009 Accomplishments: None					
FY 2010 Plans: Conduct Business Process Review and Requirements Documentation - 2-4QFY10 Request of Proposal – 2QFY10 Expectation by end of FY10 is that contractor(s) will have reviewed and documented current and emerging business processes and requirements via interviews with all levels of staff. Product will incorporate recommended business redesign approaches as well as additional analytical capabilities and assessment of suggested strategies, ways and means to program, budget and report DoD funds with greatly enhanced effectiveness and efficiency. The resultant functional requirements and recommended business processes, validated by staff, will form a solid foundation for conducting market research in FY 11 to assess optimal means to exploit emerging technology, processes, trends, capabilities and techniques to incorporate state-of-the-art capabilities in the information technology industry.					
FY 2011 Base Plans: Conduct Market Investigation - 1QFY11 Develop Acquisition Documentation and Request of Proposal - 1-2QFY11 Contract Award - 3QFY11 for three prototypes for demonstration and testing Expectation by end of FY11 is to down select from three prototypes to a Single Integrator to finish preliminary component and system design and demonstrate a complete operational system that includes a unified data warehouse, user friendly business logic architecture for programming and					

UNCLASSIFIED

R-1 Line Item #125

Page 3 of 4

UNCLASSIFIED

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<u>C. Accomplishments/Planned Program (\$ in Millions)</u>								
				FY 2009	FY 2010	FY 2011 Base	FY 2011 OCO	FY 2011 Total
budgeting capabilities, analytics and reports, an expert knowledge-based system incorporating user friendly language interface, cross-domain security capability, and design and demonstration of high quality immersive graphical user interface that promotes learning and productivity.								
Accomplishments/Planned Programs Subtotals				0.000	4.961	5.000	0.000	5.000
<u>D. Other Program Funding Summary (\$ in Millions)</u> N/A								
<u>E. Acquisition Strategy</u> Competitive contract for single integrator for design, development, test and evaluation for first two increments resulting in initial operating capability. Once infrastructure in place, competitive contracts in the out years for individual services/applications.								
<u>F. Performance Metrics</u> N/A								

UNCLASSIFIED

R-1 Line Item #125

Page 4 of 4